

Agency Workforce Plan
For the Fiscal Years 2009-2013 Period

SUBMITTED ELECTRONICALLY TO THE
STATE AUDITOR'S OFFICE

by

OFFICE OF PUBLIC INSURANCE COUNSEL



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Office of Public Insurance Counsel Mission

The mission of the Office of Public Insurance Counsel (OPIC) is to represent the interests of consumers in insurance matters. This means advocating fairness and stability in insurance rates and coverage; promoting public understanding of insurance matters; working to make the overall insurance market more responsive to consumers; and ensuring consumers receive the services they have purchased.

Office of Public Insurance Counsel Philosophy

The Office of Public Insurance Counsel is dedicated to serving the consumers of Texas in an efficient, effective, and fair manner. Each staff member must adhere to the highest ethical standards in every aspect of the operation of the office. This includes thorough analysis of information; fairness and sensitivity in working with consumers and insurers; and fairness and diligence in carrying out the mission of the office.

Agency Goals, Objectives, Strategies, and Performance Measures

GOAL: To advocate positions advantageous to Texas consumers effectively in rate, rulemaking, judicial and legislative proceedings, and other public forums involving insurance matters.

OBJECTIVE: In each year, participate in all rate hearings, rate filings, and rulemaking proceedings, as well as any judicial proceedings, including appeals subsequent to administrative proceedings and amicus briefs, having a significant impact on Texas insurance consumers to ensure that insurance rates in Texas are fair and that rules are adequate to protect Texas insurance consumers; and act as a resource in legislative proceedings addressing issues affecting Texas insurance consumers through 2013.

Outcome Measures:

- Percentage of Rate Hearings in Which OPIC Participated
- Percentage of Analyzed Rate and Rule Proceedings in Which OPIC Participated
- Percentage of Rates and Rules Changed as a Result of OPIC Participation

STRATEGY: Participate in rate hearings, rate filings, and rulemaking proceedings, as well as any judicial proceedings including appeals subsequent to administrative proceedings and amicus briefs, on behalf of Texas insurance consumers by using expert witnesses, providing staff and consumer testimony, and relying on staff research and staff attorneys; and provide information and research to the Legislature and executive branch.

Output Measures

- Number of Rate Hearings in Which OPIC Participated
- Number of Analyzed Rate Filings in Which OPIC Participated
- Number of Rulemaking Proceedings in Which OPIC Participated
- Number of Proposed New Rules Analyzed
- Number of Rate Filings Analyzed

Efficiency Measure:

- Average Cost per Rate Hearing in which OPIC Participated

GOAL: To increase effective consumer choice by educating Texas insurance consumers about their rights and responsibilities and about the operation of Texas insurance markets, and to obtain market information which results in rate, rule, or legislative proposals benefiting Texas insurance consumers.

OBJECTIVE: To contact Texas insurance consumers by efficient means about insurance coverage and the insurance marketplace by reaching approximately 30% of those consumers each year and to participate in public forums to obtain information in order to formulate positions advantageous to insurance consumers through 2013.

Outcome Measures:

- Percentage of Texas Insurance Consumers Reached by OPIC Outreach Efforts
- Percentage of Bills of Rights Submitted for Adoption within Established Timelines

STRATEGY: To contact Texas consumers to obtain market information and to provide consumers with information needed in order to make informed choices by conducting issue research, producing informational materials, making public presentations, and formulating and revising consumer bills of rights.

Output Measures:

- Number of Bills of Rights or Revisions Proposed
- Number of Report Cards and Publications Produced and Distributed
- Number of Public Presentations and Communications

Efficiency Measure:

- Average Cost per Consumer Reached through Agency Publications/Reports and Public Presentations/Appearances

GOAL: To establish and implement policies governing purchasing that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).

OBJECTIVE: To increase the use of HUBs in the total value of contracts and subcontracts awarded annually by the agency.

Outcome Measure:

- Percentage of Total Dollar Value of Purchasing Contracts and Subcontracts Awarded to HUBs.

STRATEGY: Develop and implement a plan for increasing the use of historically underutilized businesses through purchasing contracts and subcontracts.

Output Measures:

- Number of bid proposals from HUB Contractors and Subcontractors
- Number of HUB Contracts and Subcontracts Awarded
- Dollar Value of HUB Contracts and Subcontracts Awarded

Agency Workforce Plan

Anticipated Changes to the Agency's Role

In 2003, the legislature passed Senate Bill 14 which reformed the regulation of insurance rates in Texas. Many companies became regulated that were previously exempt. This increased the role of the agency in rate filing review as the volume of filings rose significantly. Although previously required annual benchmark rate hearings were eliminated by SB 14, there were a number of highly intensive hearings involving large individual companies, some of which are still ongoing. In addition, OPIC continues to have a role in a number of industry-wide rate hearings that were not eliminated.

In 2008, OPIC underwent a review by the Sunset Advisory Commission. The staff report recommended several changes to the agency's future operations and recommended that its core functions be consolidated with the Texas Department of Insurance. The Sunset Commission staff report recommended no changes to present staffing levels. As a result, the nature of the workforce is unlikely to change; however, the role of staff may need to be adapted to address any changes to the agency's mission that are ultimately determined by the 2009 legislature.

Current Workforce Profile (*Supply Analysis*)

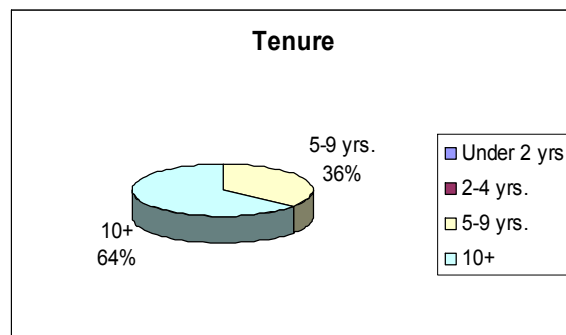
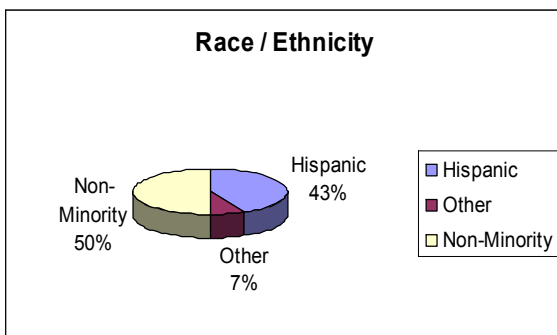
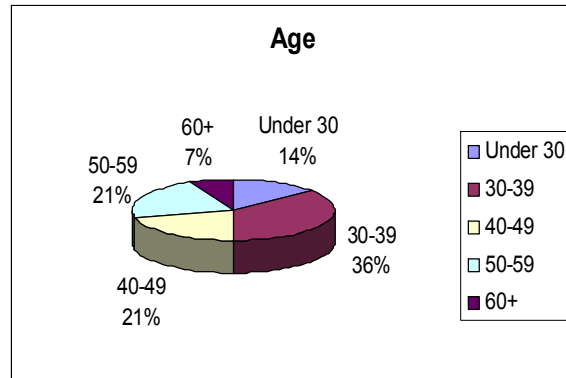
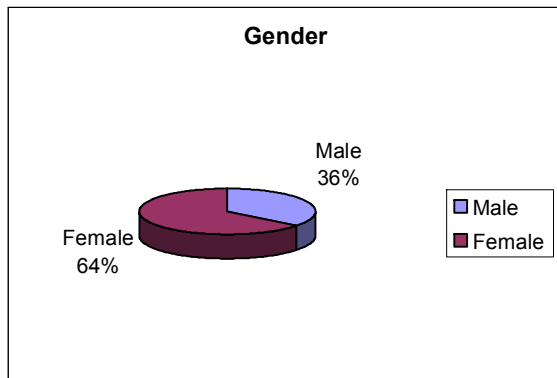
Critical Workforce Skills

The agency currently has a strong, well qualified staff capable of performing the following functions that are critical to daily operations:

- Insurance rate making analysis
- Legal and insurance policy analysis
- Legal and insurance related research
- Administration (budgeting, accounting, purchasing, payroll, human resources).

Workforce Demographics

The following charts profile the agency's workforce as of June 30, 2008. The agency is authorized 16.5 positions consisting of attorneys, economists, statisticians, researchers, and support staff. Currently, this workforce is comprised of approximately one-third males and two-thirds females with 50% being under age 40 and 43% being between age 40 and 59. The agency strives towards maintaining a diverse workplace and has had no significant change in the race/ethnic breakdown of its workforce in the past several years. At present, 43% of the agency's employees are minorities. Tenure remains high with 64% of the agency workforce having over ten years of state service.



Employee Turnover

Historically, the agency experiences one or two employee resignations per year. However, turnover statistics are not particularly reliable for an agency this size. The difference between one or two persons leaving in a year doubles the turnover percentage rate from 6% to 12%. The turnover rate to date for FY 2008 is 0%. An increase in that percentage between now and the end of the fiscal year is not anticipated. There was only one employee resignation per year in both FY 2006 and FY 2007 making the turnover rate 6% for both years. Future attrition is likely to remain in the same range of zero to two persons leaving the agency per year.

Retirement Eligibility

At this time, the agency does not consider retirement eligibility to be a significant issue. Having been created in 1991, the Office of Public Insurance Counsel is a young agency and has always had a fairly young workforce. The first OPIC employee to attain retirement eligibility retired on January 31, 2006. However, that employee returned to work at the agency in the same position causing no significant impact to the critical functions performed in that position. The agency will have three additional employees eligible to retire within the next 5 years.

Future Workforce Profile (*Demand Analysis*)

Anticipating changes to the state insurance regulatory environment requires that we continually reevaluate the skill sets of our workforce.

Critical Functions

- Improved capability for quantitative statistical insurance research and rate analysis
- Enhanced targeted research project functions

Expected Workforce Changes

- Improve use of technology to increase research productivity
- Increase level of cross-training to maximize productivity of existing staff resources
- Continue seeking employees with strong quantitative skill set

Anticipated Increase/Decrease in FTEs

- No change to the agency's FTE count is anticipated

Future Workforce Skills Needed

- | | |
|------------------------|---------------------------|
| • Statistical software | • Teambuilding skills |
| • Strategic planning | • Database design |
| • Insurance experience | • Mathematical background |
| • Research skills | • Legal analysis |

Gap Analysis

The agency presently has sufficient personnel with the appropriate skills to make the transition to a more technical quantitative environment. However, there is the potential for a gap if there is ever significant turnover in key positions. Should this occur, the agency must be in a strong position to allow succession from within and recruit new employees with the appropriate skills needed to perform functions considered to be critical by the agency.

Historically, the agency has been able to recruit individuals with an insurance and policy background and those with strong quantitative analysis credentials. The difficulty is in finding individuals with both skill sets. This increases the importance of cross training to develop the potential of existing employees by enhancing their skills and abilities. The agency must also continue to improve existing efforts to recruit new employees with necessary skills as the need arises.

Strategy Development

Gap	Existing employees may not be adequately prepared for succession if there is turnover among key employees.
Goal	Develop practices and procedures to ensure employee development and training for future succession and skill enhancement.
Rationale	Small agencies are vulnerable to potential lack of succession when there is turnover at key positions. Expanding agency responsibilities contributes to a tendency toward task and subject matter specialization. The nature and complexity of insurance issues exacerbates this situation. It is important for the agency to create an environment where key employees mentor, train and work with potential successors to ensure tasks can continue to be performed in the event of departure or extended absence (maternity leave, illness, etc.).
Action Steps	<ul style="list-style-type: none">• Develop project management strategies to ensure pairing of experienced employees with newer employees of lesser experience.• Survey employees to determine which skills they feel require more development.• Examine alternatives for employee training that maximizes resources. Examples of avenues for research include internal training, internet training, cross-agency training, external training.• Develop internal cross-training procedures to allow for greater breadth of responsibility and knowledge.• Include personnel turnover as an area for review in the internal audit risk assessment.